

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AF-10 ARA-10 EA-10  
NEA-10 L-03 FRB-03 OMB-01 ITC-01 SP-02 ICA-11  
AGRE-00 AID-05 CIAE-00 COME-00 INR-10 LAB-04  
NSAE-00 OIC-02 SIL-01 OPIC-03 STR-07 TRSE-00  
CEA-01 SS-15 /143 W  
-----076351 031619Z /44

R 031554Z AUG 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC 2855  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
USMISSION USUN NEW YORK

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USEEC USOECD

E.O. 11652: N/A  
TAGS: UNCTAD, ETRD  
SUBJECT: COMMON FUND - SYG COREA SCHEDULING FURTHER CON-  
SULTATIONS ON AUGUST 18 AND SEPTEMBER 1

REF: GENEVA 11563

1. IN MEETING OF GROUP B GENEVA REPS, AUGUST 3, AMB.  
HESSEL REPORTED THAT COREA HAS INFORMED GROUP COORDINATORS  
THAT HE IS PLANNING TO HOLD INFORMAL CONSULTATIONS ON  
AUGUST 18 AND SEPTEMBER 1 WITH GROUP REPRESENTATIVES IN AN  
EFFORT TO FIND A BASIS FOR RESUMING THE COMMON FUND  
NEGOTIATING CONFERENCE IN NOVEMBER. COREA IS PROPOSING  
THAT REPRESENTATIVES FROM 21 COUNTRIES -- 10 FROM THE  
G-77, 7 FROM GROUP B, 3 FROM GROUP D, PLUS CHINA -- MEET  
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WITH HIM ON AUGUST 18 TO REVIEW HIS JUNE 14 DISCUSSION  
NOTE ON FUNDAMENTAL ELEMENTS OF THE COMMON FUND, WITH A  
VIEW TO IDENTIFYING ISSUES ON WHICH THERE IS STILL DIS-  
AGREEMENT. COREA THEN PLANS TO CALL ANOTHER INFORMAL  
MEETING OF HIGH LEVEL GOVERNMENT REPRESENTATIVES ON  
SEPTEMBER 1, WHICH WILL ATTEMPT TO RECONCILE THOSE DIF-  
FERENCES AND SEE WHETHER THERE IS A BASIS FOR RESUMING

NEGOTIATIONS IN NOVEMBER. (MISSION SUBSEQUENTLY LEARNED FROM UNCTAD DIRECTOR MC INTYRE THAT SEPTEMBER 1 MEETING WILL START IN AFTERNOON AND CARRY OVER INTO SATURDAY, SEPTEMBER 2, FOR AS LONG AS IS NEEDED.

2. EMPHASIZING COREA'S DESIRE TO SETTLE THE COMMON FUND ISSUE BEFORE UNCTAD V, HESSEL SAID THAT COREA FEELS IT IMPORTANT TO DECIDE THIS FALL WHETHER THERE IS TO BE A COMMON FUND. IF THE NOVEMBER CONFERENCE REACHES AGREEMENT ON THE BASIC PRINCIPLES, COREA THEN HOPES TO HOLD A CONFERENCE IN EARLY SPRING OF 1979 TO WORK OUT DETAILS OF AN AGREEMENT. BASED ON RESULTS OF SEPTEMBER 1 MEETING AND POSSIBLE SUBSEQUENT ADDITIONAL INFORMAL CONSULTATIONS WITH GOVERNMENTS, KOREA PLANS TO PRODUCE A REVISED PAPER TO PROVIDE A POSSIBLE BASIS FOR AGREEMENT AT THE NOVEMBER CONFERENCE.

3. IT WAS SUGGESTED THAT REPRESENTATION AT THE AUGUST 18 MEETING BE BY GENEVA PERMDELS, ALTHOUGH GOVERNMENTS COULD SEND REPRESENTATIVES FROM CAPITALS IF THEY WISHED. GROUP B WILL MEET AGAIN NEXT WEEK TO PICK THE SEVEN OECD COUNTRIES WHICH WILL SEND REPRESENTATIVES TO THE MEETING. (THE SAME COUNTRIES WOULD BE INVITED TO THE AUG 18 AND SEPTEMBER 1 MEETINGS.) FRG, AS NEW OVERALL GROUP B COORDINATOR, INFORMALLY SUGGESTED TO USDEL AND OTHERS AFTER THE MEETING THAT THE FOLLOWING COUNTRIES BE CHOSEN:  
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FRANCE (AMB. HESSEL), FRG, ONE ADDITIONAL EC COUNTRY (EITHER UK OR ITALY), U.S., JAPAN, A SCANDINAVIAN COUNTRY, AND EITHER A MEDITERRANEAN COUNTRY OR AUSTRALIA.

4. COREA ANTICIPATES THAT THE LEVEL OF REPRESENTATION AT THE SEPTEMBER 1 MEETING WILL BE THE SAME AS AT THE INFORMAL MEETINGS LAST SPRING. MC INTYRE INFORMED US COREA STRONGLY HOPES THAT UNDERSECRETARY COOPER WILL BE ABLE TO ATTEND, BUT THAT IF THAT IS IMPOSSIBLE, THAT THE US WILL AGAIN BE REPRESENTED BY HORMATS.

5. DISCUSSION: US REP (BRUNGART) TOLD GROUP B THAT WE WELCOME THE RESUMPTION OF INFORMAL CONSULTATIONS, BUT HAVE TWO COMMENTS: (A) WE BELIEVE THAT DOCUMENTATION FOR THE NEGOTIATING CONFERENCE, WHENEVER IT IS RESUMED, SHOULD BE BASED ON SUBMISSIONS BY GOVERNMENTS, RATHER THAN THE SECRETARIAT. THE PROPOSED PROCEDURE MAY BE A STEP TO A NEGOTIATING CONFERENCE BASED ON AN UNCTAD SECRETARIAT "COMPROMISE" PROPOSAL; AND (B) WE WONDERED WHETHER A LINE-BY-LINE REVIEW OF THE JUNE 14 PAPER WOULD BE THE BEST WAY OF ARRIVING AT AN AGENDA FOR THE SEPTEMBER 1 MEETING. AMB. HESSEL SAID THAT IT WOULD BE OPEN TO GROUP B TO

PROPOSE ANOTHER APPROACH FOR THE CONSULTATIONS IF IT WISHED. (THERE WILL BE A LOCAL GROUP B MEETING HERE SOME-TIME NEXT WEEK TO PREPARE FOR AUGUST 18 MEETING, AND ANY U.S. VIEWS ON THIS COULD BE PROPOSED AT THAT TIME.) HESSEL ALSO SET FORTH HIS VIEWS ON NEGOTIATING SITUATION AND OUTLINED HIS VIEWS ON A MINIMUM COMMON FUND COMPROMISE, WHICH ARE REPORTED IN REFTEL. HESSEL HOPES THAT GROUP B WILL MOVE FORWARD FROM ITS POSITION OF LAST DECEMBER, BUT THAT WE SHOULD NOT DO SO TOO SOON (INDICATING THAT HE THINKS THE BEST TIME TO DO SO WOULD BE AT THE RESUMED NEGOTIATING CONFERENCE IN NOVEMBER).

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6. CHATTING WITH SEVERAL MEMBERS OF GROUP B AFTER THE MEETING, HESSEL STRESSED THE IMPORTANCE OF INSISTING ON AN ACCEPTABLE VOTING AND DECISION-MAKING STRUCTURE AS A QUID PRO QUO FOR AGREEING TO MAKE ANY DIRECT CONTRIBUTION TO THE COMMON FUND. HE EXPRESSED THE HOPE THAT FURTHER WORK WILL BE UNDERTAKEN IN THE OECD TO DEVELOP A PROPOSED WEIGHTED VOTING STRUCTURE THAT WILL SAFEGUARD OUR INTERESTS. IMPLYING THAT IT WILL NOT BE NECESSARY TO REQUIRE THAT ALL DECISIONS IN A COMMON FUND BE TAKEN ON THE BASIS OF WEIGHTED VOTES, HESSEL SUGGESTED THAT WE IDENTIFY THE

CRUCIAL DECISIONS ON WHICH WE THINK WEIGHTED VOTING WOULD BE NECESSARY. IN SAME DISCUSSION, BRITISH AMBASSADOR SAID KNIGHTON WILL BE ON LEAVE, AND HE ANTICIPATED REPRESENTING UK AT SEPTEMBER 1 MEETING. GERMAN AMBASSADOR THOUGHT FRAU STEEG WOULD BE ABLE TO ATTEND. ALSO, BRITISH, FRENCH LIMITED OFFICIAL USE

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AND GERMAN AMBASSADORS ALL FELT IT WOULD BE UNWISE TO INSIST THAT NEGOTIATING CONFERENCE BE BASED ON GOVERNMENT PROPOSALS SINCE WE WOULD THEN HAVE EXTREME AND RIGID G-77 PROPOSAL TABLED. WE ALL AGREED THIS MIGHT BE GOOD TOPIC FOR DISCUSSION AT SEPTEMBER 22 OECD MEETING.

7. COMMENT: WHILE FORTHCOMING MEETINGS ARE STILL LABELLED INFORMAL, SECRETARIAT OBVIOUSLY HOPES THAT THEY WILL BE SOMEWHAT LESS SO THAN IN PAST, AND THAT IN GENERAL VIEWS EXPRESSED WILL TAKE THE FORM OF POSITIONS OF GOVERNMENTS.

8. ACTION REQUESTED: WE WILL NEED GUIDANCE FOR NEXT WEEK'S LOCAL GROUP B MEETING. WE WILL NEED EITHER (A) SUGGESTIONS FOR ANOTHER WAY OF ORGANIZING THE CONSULTATIONS, OR (B) IF WE ACCEPT COREA'S PROPOSAL, A DETAILED CRITIQUE OF THE JUNE 14 DISCUSSION PAPER. THIS WOULD EITHER BE ON A PARAGRAPH-BY-PARAGRAPH BASIS, OR COULD BE IN THE FORM OF AN OVERALL STATEMENT SUMMING UP OUR POSITION ON ALL THE KEY ISSUES, WHICH WOULD THUS ENABLE US TO AVOID PARTICIPATION IN A LINE-BY-LINE DISCUSSION. WE WILL ALSO NEED TO KNOW WHETHER WASHINGTON REP WILL ATTEND AUGUST 18 MEETING OR WHETHER MISSION SHOULD PLAN TO HANDLE IT.  
VANDEN HEUVEL

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